CIRCULAR

CIR /ISD-2/CDD-1/99/2016 September 27,2016

To,
The Managing Directors/Chief Executive Officers,
National Commodity Derivatives Exchanges.

Sir/Madam,

Sub: Spread Margin Benefits

1. As per Section 131 (B) of the Finance Act, 2015 all rules, directions, guidelines, instructions, circulars, or any like instruments, made by the erstwhile Forward Markets Commission (FMC) or the Central Government applicable to recognized associations under the Forward Contracts Regulation Act, 1952 (FCRA) would continue to remain in force for a period of one year from the date on which FCRA was repealed (September 29, 2015), or till such time as notified by SEBI, whichever is earlier.

2. Erstwhile FMC, from time to time, had prescribed norms for spread margin benefits vide the following Circulars:

- Circular No.1/4/2013-MKT-I dated 26th December, 2013
- Circular No. 6/1/2013 MKT-I dated 17th March, 2015

3. SEBI, vide circular No. CIR/CDMRD/DRMP/01/2015 October 01, 2015 had modified the norms regarding Spread margin benefits except provisions pertaining to 'special margin on spread trades'.

4. It has been decided that the norms specified by erstwhile FMC vide the circulars mentioned in paragraph 2 regarding special margins i.e." in case of spread trades, special margin shall not be levied", shall continue to be in force beyond September 28, 2016.

5. Exchanges are advised to bring the provisions of this circular to the notice of their members and also to disseminate the same on their website.

6. This circular is issued in exercise of the powers conferred under Section 11(1) of the Securities and Exchange Board of India Act 1992, read with Section 10 of the Securities Contracts (Regulation) Act, 1956 to protect the interest of investors in securities and to promote the development of, and regulate the securities market.

7. This circular is available on SEBI website at www.sebi.gov.in.

Yours faithfully,

V.C Chaturvedi
General Manager
Commodity Derivative Division-1
Integrated Surveillance Department-2
vcchaturvedi@sebi.gov.in